STATE OF ILLINOIS
HEALTH FACILITIES AND SERVICES REVIEW BOARD
525 WEST JEFFERSON ST. • SPRINGFIELD, ILLINOIS 62761 • (217) 782-3516 • FAX: (217) 785-4111

DOCKET NO:	BOARD MEETING:	PROJECT NO:	PROJECT COST:
H-06	December 10, 2012	12-078	Original: $50,609,245
FACILITY NAME: Adventist Cancer Institute		CITY: Hinsdale	
TYPE OF PROJECT: Non-Substantive			**HSA:** VII

PROJECT DESCRIPTION: The applicants are proposing to establish a free-standing comprehensive cancer treatment facility in Hinsdale, at a cost of $50,609,245. **The anticipated project completion date is June 30, 2015.**

EXECUTIVE SUMMARY

PROJECT DESCRIPTION:

- The applicants (Adventist Hinsdale Hospital and Adventist Health System/Sunbelt, Inc. d/b/a Adventist La Grange Memorial Hospital) propose to establish a free-standing comprehensive cancer care institute.
- The project proposes to consolidate and replace outpatient cancer care services provided at Adventist Hinsdale Hospital (AHH), at the cancer care pavilion on the campus of Adventist LaGrange Memorial Hospital (ALMH), and an imaging center located in leased space in close proximity to AHH.
- No new beds or clinical services are proposed.
- Vacated space on the hospital campuses will be reutilized, and the leased space in Hinsdale returned to the Landlord and the lease terminated.
- The proposed project will involve 53,588 GSF of newly constructed space, with 29,603 GSF being classified for clinical use and 23,985 GSF classified for non-clinical use.
- **The anticipated project completion date is June 30, 2015.**

WHY THE PROJECT IS BEFORE THE STATE BOARD:

- The project is before the State Board because the project exceeds the capital expenditure minimum of $12,182,576

PURPOSE OF THE PROJECT:

- The purpose of this project according to the applicants "*to enhance the care for residents of Plannig Area A-05, A-04, DuPage, and western Cook counties.*
- *Provide a modern, efficient health care facilitywhich meets the health care needs of the patient populations at Adventist Hinsdale and Adventist La Grange Memorial Hospitals.*
- *Consolidate Cancer Care services into one building.*
- *Prepaer for a projected increase in cancer treatment in the service area.*
- *Improve quality by creating best practices in cancer care.*

NEED:

- To determine need for this project the applicants must provide documentation
    - That there is demand in the service area for the service;
    - That the service will serve residents of the planning area;
    - That the proposed service will not impact any other providers

BACKGROUND/ COMPLIANCE:

- The applicants have had no adverse actions in the past three years and are in compliance with all of the State Board's reporting requirements.

PUBLIC HEARING/COMMENT:

- A public hearing was offered on this project; however, no hearing was requested. 20 letters of support and no letters of opposition were received by the State Board staff.

FINANCIAL AND ECONOMIC FEASIBILITY:

- The project will be financed through a combination of Cash and Securities and Fair Market Value of Leases. The applicants supplied consolidated financial statements, and proof of an AA- bond rating from Standard & Poor's.

CONCLUSION:

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- The applicants addressed 12 criteria, and were found to be non-compliant in the following:

State Board Standards Not Met	
Criteria	**Reasons for Non-Compliance**
1110.234(b) Project Services Utilization	Applicants report underutilization for X-Ray systems in Diagnostic Imaging.
1120.140(c) Economic Feasibility	Applicants report New Construction/Contingency costs in excess of the acceptable Board standard..

STATE BOARD STAFF REPORT
Adventist Cancer Institute, Hinsdale
PROJECT #12-078

Summary of Application for Permit	
Applicant	Adventist Hinsdale Hospital Adventist Health System/Sunbelt, Inc. d/b/a Adventist LaGrange Memorial Hospital
Facility Name	Adventist Cancer Institute
Location	Hinsdale, Illinois
Application Received	September 7, 2012
Application Deemed Complete	September 18, 2012
Can Applicant Request Deferral	Yes

I. The Proposed Project

The applicants (Adventist Hinsdale Hospital and Adventist Health System/Sunbelt, Inc. d/b/a Adventist La Grange Memorial Hospital) propose to establish a free-standing comprehensive cancer care institute. **The anticipated project completion date is June 30, 2015.**

II. Summary of Findings

A. The State Agency finds the proposed project **does not** appear to be in conformance with the provisions of Part 1110.

B. The State Agency finds the proposed project **does not** appear to be in conformance with the provisions of Part 1120.

III. General Information

The applicants are Adventist Hinsdale Hospital and Adventist Health System/Sunbelt, Inc. d/b/a Adventist La Grange Memorial Hospital. The owner of the site is Adventist Hinsdale Hospital. Per 77 IAC 1110.40 this is a non-substantive project subject to both a Part 1110 and Part 1120 review.

Letters of Support and Opposition:

A public hearing was offered on this project; however, no hearing was requested. The applicants received 20 letters of support for the proposed project:

Sally Porter, Chairman of the Board, Hinsdale Hospital Foundation, stated: *"The consolidation of cancer outpatient services at a site convenient to both Adventist Hinsdale Hospital and Adventist LaGrange Hospital will greatly enhance both the*

convenience and quality of care for people whao have cancer in the western Cook and eastern DuPage County region."

No letters of opposition were received pertaining to this project.

Safety Net Impact Statement

This is project is classified as a non-substantive project and a safety net impact statement is not required to be submitted. Table One outlines the applicants' Charity Care information for the past 3 years. At the conclusion of this report is the 2011 Annual Hospital Questionnaires for Adventist Hinsdale Hospital and Adventist LaGrange Hospitals, with utilization and financial data.

TABLE ONE **Charity Care/Medicaid** **Adventist Hinsdale Hospital, Hinsdale**			
Charity (# of Patients)	**FY 2009**	**FY 2010**	**FY 2011**
Inpatient	348	186	188
Outpatient	1,809	1,209	977
Total	2,157	3,405	3,176
Charity (Cost in Dollars)			
Inpatient	$1,558,294	$1,679,083	$1,383,144
Outpatient	$1,760,143	$1,100,048	$993,942
Total	$3,318,437	$2,779,131	$2,377,086
Medicaid (# of Patients)	**FY 2009**	**FY 2010**	**FY 2011**
Inpatient	973	1,073	1,106
Outpatient	42,139	45,940	43,352
Total	43,112	47,013	44,458
Medicaid (Revenue)			
Inpatient	$8,057,910	$9,700,116	$13,061,271
Outpatient	$7,181,156	$7,066,441	$9,061,936
Total	$15,239,066	$16,766,557	$22,123,207
Charity Care/Medicaid **Adventist LaGrange Memorial Hospital**			
Charity (# of Patients)	**FY2009**	**FY2010**	**FY2011**
Inpatient	259	195	133
Outpatient	1,681	3,154	480
Total	3,949	5,359	2,624
Charity (Cost in Dollars)			

TABLE ONE Charity Care/Medicaid Adventist Hinsdale Hospital, Hinsdale			
Charity (# of Patients)	**FY 2009**	**FY 2010**	**FY 2011**
Inpatient	$1,395,291	$1,230,059	$760,679
Outpatient	$1,336,192	$1,220,259	$934,182
Total	$2,731,483	$2,450,318	$1,694,861
Medicaid (# of Patients)	**FY 2009**	**FY2010**	**FY2011**
Inpatient	553	675	605
Outpatient	11,458	12,195	8,582
Total	12,011	12,870	9,187
Medicaid (Revenue)			
Inpatient	$6,143,984	$4,321,178	$5,007,354
Outpatient	$5,046,469	$5,142,266	$5,959,492
Total	$11,190,453	$9,163,444	$10,966,846

IV. The Proposed Project - Details

The applicants (Adventist Hinsdale Hospital and Adventist Health System/Sunbelt, Inc. d/b/a Adventist La Grange Memorial Hospital) propose to establish a free-standing comprehensive cancer care institute on the campus of Adventist Hinsdale Hospital, Hinsdale. The facility will contain 29,603 DGSF of clinical and 23,985 DGSF of non-clinical space. The proposed facility will centralize cancer care sevices offered through Adventist Health Sytem, and offer the following services: Diagnostic Imaging, Medical Oncology, Radiation Oncology, Pharmacy, Laboratory, and Exam Areas. Total project cost: $50,609,245.

V. Project Costs and Sources of Funds

The proposed project is being funded with cash and securities, and the fair market value of a Lease. Table Three outlines the project's costs and uses of funds.

TABLE THREE Project Costs and Sources of Funds			
Project Costs			
	Clinical	NonClinical	Total
Preplanning	$24,883	$20,137	$45,000
Site Survey and Soil Investigation	$19,338	$15,662	$35,000

TABLE THREE Project Costs and Sources of Funds			
Site Preparation	$662,900	$536,929	$1,199,829
New Construction Contracts	$15,634,959	$6,245,608	$21,880,567
Contingencies	$1,079,668	$874,312	$1,953,980
Architectural and Eng. Fees	$733,179	$593,841	$1,327,020
Consulting Fees	$968,828	$784,707	$1,753,535
Movable of Other Equipment (linear accelerator)	$17,333,648	$500,000	$17,833,648
Net Interest During Construction	$453,054	$366,954	$820,008
Other Costs to be Capitalized	$2,077,764	$1,682,894	$3,760,658
Total	$38,988,201	$11,621,044	$50,609,245
Sources of Funds			
Cash & Securities	$33,988,201	$11,621,044	$42,609,245
Leases (Fair Market Value)	$5,000,000	$0	$5,000,000
Total	$38,988,201	$11,621,044	$50,609,245

VI. Cost/Space Requirements

Table Four displays the project's cost/space requirements for the clinical and non-clinical components. The definition of non-clinical as defined in the Planning Act [20 ILCS 3960/3] states, "non-clinical service area means an area for the benefit of the patients, visitors, staff or employees of a health care facility and not directly related to the diagnosis, treatment, or rehabilitation of persons receiving treatment at the health care facility."

TABLE FOUR Cost Space Chart					
Department/Area Clinical	**Cost**	**Existing**	**Proposed**	**New Construction**	**Vacated Space***
Diagnostic Imaging	$5,615,715	10,985	7,677	7,677	10,985
Exam Suites	$2,650,951	0	3,624	3,624	0
Lab	$580,078	504	793	793	0
Medical Oncology	$5,657,410	0	7,734	7,734	0
Pharmacy	$823,667	0	1,126	1,126	0
Radiation Oncology	$6,326,731	19,226	8,649	8,649	0
Moveable or Other Equipment	$17,333,648				
Total Clinical	**$38,988,201**	**30,715**	**29,603**	**29,603**	**30,715**
Non Clinical					

TABLE FOUR					
Cost Space Chart					
Department/Area Clinical	**Cost**	**Existing**	**Proposed**	**New Construction**	**Vacated Space***
Admissions/Education	$1,270,393	0	2,622	2,622	0
Public Areas	$2,746,704	0	5,669	5,669	0
Mechanical	$3,720,091	0	7,678	7,678	0
Staff Area	$3,883,856	0	8,016	8,016	0
Total Non Clinical	**$11,621,044**	**0**	**23,985**	**23,985**	**0**
Total	**$50,609,245**	**30,175**	**53,588**	**53,588**	**30,715**
***Vacated space will be used for waiting areas within the hospital, and existing outpatient cancer center will be used as storage. Leased lab space will be released back to the landlord.**					

VII. 1110.230 – Background, Project Purpose and Alternatives

A. Criterion 1110.230(a) - Background of Applicant

The criterion reads as follows:

"1) an applicant must demonstrate that it is fit, willing and able, and has the qualifications, background and character, to adequately provide a proper standard of health care service for the community. [20 ILCS 3960/6] In evaluating the qualifications, background and character of the applicant, HFPB shall consider whether adverse action has been taken against the applicant, or against any health care facility owned or operated by the applicant, directly or indirectly, within three years preceding the filing of the application. A health care facility is considered "owned or operated" by every person or entity that owns, directly or indirectly, an ownership interest. If any person or entity owns any option to acquire stock, the stock shall be considered to be owned by such person or entity (refer to 77 Ill. Adm. Code 1100 and 1130 for definitions of terms such as "adverse action",

The application included licensing, certification and accreditation identification numbers, a certified attestation from the applicants that no adverse actions have been taken against any facility owned and/or operated by the applicants during the three years prior to the filing of the application, and authorization permitting HFPB and Illinois Department of Public Health (IDPH) access to any documents necessary to verify the information submitted.

B. Criterion 1110.230(b) - Purpose of the Project

The criterion reads as follows:

The applicant shall document that the project will provide health services that improve the health care or well-being of the market area population to be served. The applicant shall define the planning area or market area, or other, per the applicant's definition.

According to the applicants, the purpose of this project "is to enahance the care for the residents of Planning Area A-05 and A-04, DuPage and western Cook Counties." The proposed project will consolidate three outpatient cancer care centers (Adventist Hinsdale Hospital, Adventist LaGrange Treatment Pavilion, and Hinsdale Imaging Center) into one central location, in an effort to provide state of the art cancer care. The applicants identified cancer as the leading cause of death in DuPage County, and expects the need for outpatient cancer services to grow by approximately 31% over the next ten years. The applicants feel the consolidated services, combined with a coordinated medical staff, will increase satisfaction levels of patients, physicians, and employees alike.

C. Criterion 1110.230(c) - Alternatives to the Proposed Project

The criterion reads as follows:

"The applicant shall document that the proposed project is the most effective or least costly alternative for meeting the health care needs of the population to be served by the project.

1) Alternative options shall be addressed. Examples of alternative options include:
   - **A) Proposing a project of greater or lesser scope and cost;**
   - **B) Pursuing a joint venture or similar arrangement with one or more providers or entities to meet all or a portion of the project's intended purposes; developing alternative settings to meet all or a portion of the project's intended purposes;**
   - **C) Utilizing other health care resources that are available to serve all or a portion of the population proposed to be served by the project; and**
   - **D) Other considerations.**

2) Documentation shall consist of a comparison of the project to alternative options. The comparison shall address issues of cost, patient access, quality and financial benefits in both the short term (within one to three years after project completion) and long

term. This may vary by project or situation.

3) **The applicant shall provide empirical evidence, including quantified outcome data that verifies improved quality of care, as available."**

The applicants considered three alternatives, in addition to the project as proposed. They are as follows:

1) **Consolidation of Cancer Services at the Existing Adventist LaGrange Treatment Pavilion**

This option would involve expansion at the existing facility. ALMH's treatment pavilion is landlocked by necessary parking space, and limited in its ability to expand vertically. The applicants note this alternative would require demolition of the existing structure, and construction of a new facility. The applicants rejected this alternative, due to the perceived disruptions in patient care, and the excessive cost. **Projected cost of this alternative: $57,857,745.**

2) **Consolidate Cancer Services by Adding Leased Space to the Hinsdale Imaging Center**

The applicants note this option was implausible, due the lack of available space to lease. The applicanst note the pursuit of leased space in this area under exiting lease terms would pay for a new building in approximately 3 years. **Projected cost of this alternative: $20,000,000 in leased space and equipment annually.**

3) **Demolish Existing Building and Establish Cancer Care Services Across from Adventist Hinsdale Hospital**

The applicants reasearched this alternative, and determined the demolition of an existing structure,and construction of a replacement two-story facility would not allow for sufficient space to accommodate the entire cancer care program. Construction of a taller building would result in increased costs, and be disruptive to the patients and employees who currently utilize the existing structure. **Projected cost of this alternative: $60,859,245.**

4) **Project as Proposed**

The applicants determined the project as proposed wasmost plausible, based on the project cost, and the goals of AHH and ALMH. **The applicants identified a project cost of $50,609,245 with this option.**

VIII. 1110.234 - Project Scope and Size, Utilization

A) Criterion 1110.234 (a) - Size of Project

The Criterion states:

"The applicant shall document that the amount of physical space proposed for the project is necessary and not excessive. The proposed gross square footage (GSF) cannot exceed the GSF standards of Appendix B, unless the additional GSF can be justified by documenting one of the following:

1) **Additional space is needed due to the scope of services provided, justified by clinical or operational needs, as supported by published data or studies;**
2) **The existing facility's physical configuration has constraints or impediments and requires an architectural design that results in a size exceeding the standards of Appendix B;**
3) **The project involves the conversion of existing bed space that results in excess square footage."**

Size

The applicants propose to establish an outpatient cancer care center, consisting of 53,588 GSF of newly constructed space. The comprehensive cancer institute will contain the following clinical services: Medical Oncology, Radiation Oncology, Diagnostic Imaging, Laboratory, Pharmacy, and Exam Suites. Table Five identifies these services and whether those with State utilization standards meet said standards. The State Board currently has size requirements for a simulator (1,800 GSF) a PET scanner (1,800 GSF) and a linear accelerator (2.400 GSF per unit or 4.800 GSF for the two proposed). These standards allow the applicant a total of 8,400 GSF which is 249 GSF less than proposed. However, the High Dose Radiation Therapy area is included in this proposal for which the Board does not have a standard. If this area is considered, the space proposed is justified under the Board's standards.

TABLE FIVE
Size of Project
Adventist Cancer Institute, Hinsdale

Department/Service	Proposed DGSF	State Standard	Difference	Met Standard?
Medical Oncology	7,734 GSF	None	N/A	N/A
Radiation Oncology	8,649 GSF	8,400 GSF	249 GSF over	Yes
Exam Suites	3,624 GSF	None	N/A	N/A
Diagnostic Imaging	7,677 GSF	12,800 GSF	5,123 GSF under	Yes
Laboratory	793 GSF	None	N/A	N/A

TABLE FIVE Size of Project Adventist Cancer Institute, Hinsdale				
Department/Service	Proposed DGSF	State Standard	Difference	Met Standard?
Pharmacy	1,126 GSF	None	N/A	N/A

THE STATE AGENCY FINDS THE PROPOSED PROJECT APPEARS TO BE IN CONFORMANCE WITH THE SIZE OF PROJECT CRITERION (77 IAC 1110.234(a)).

B) Criterion 1110.234 (b) - Project Services Utilization

The criterion states:

"This criterion is applicable only to projects or portions of projects that involve services, functions or equipment for which HFPB has not established utilization standards or occupancy targets in 77 Ill. Adm. Code 1100. The applicant shall document that, in the second year of operation, the annual utilization of the service or equipment shall meet or exceed the utilization standards specified in Appendix B."

To determine the historical utilization of all departments identified in the proposed project, the applicants combined utilization data from the Hinsdale Imaging Center, and portions of the outpatient volume at Adventist Hinsdale Hospital and Adventist LaGrange Memorial Hospital. The projected utilization data is based over the next five years, considering population growth, aging of the existing population, and oncology treatment trends nationwide. It appears that all modailities will meet or exceed State Board utilization targets, with the exception of two X-Ray units proposed as part of the Diagnostic Imaging Department. Based on the data presented in Table Six, the applicants have not met the requirements of this criterion, and a positive finding cannot be made.

TABLE SIX **Projected Services Utilization** **Adventist Cancer Institute**						
Department/Service	**Historical Utilization (Hours, Visits)**		**Projected Utilization (Year Two)**	**State Standard**	**Number Requested**	**Met Standard**
	2010	**2011**	**2016**			
Medical Oncology	11,397	10,878	11,153	N/A	22 Treatment Spaces	N/A
Linear Accelerator	10,006	9,384	10,060	7,500 Visits/Unit	2 Units	Yes
Simulator	1,308	1,205	1,341	N/A	1 Unit	N/A
CT	8,097	7,993	9,063	7,000 Visits	1 Unit	Yes
Ultrasound	13,511	13,854	14,532	3,100 Visits	5 Units	Yes
Mammography	19,244	18,942	19,420	5,000 Visits	4 Units	Yes
PET/MRI*	2,863	2,597	2,902	2,500	1 Unit	Yes

TABLE SIX Projected Services Utilization Adventist Cancer Institute						
Department/Service	**Historical Utilization (Hours, Visits)**		**Projected Utilization (Year Two)**	**State Standard**	**Number Requested**	**Met Standard**
				procedures (MRI) 3,600 Visits (PET)		
X-Ray	4,019	4,222	4,329	6,500 procedures	2 Units	No
Brachytherapy	95	97	107	N/A	1Unit	N/A
Stereotactic Biopsy	418	469	516	N/A	1 Unit	N/A
Bone Density	2,337	2,187	2,424	N/A	1 Unit	N/A
*PET/MRI: New version that combines modalities in one unit						

THE STATE AGENCY FINDS THE PROPOSED PROJECT <u>DOES NOT</u> APPEAR TO BE IN CONFORMANCE WITH THE PROJECT SERVICES UTILIZATION CRITERION (77 IAC 1110.234(b)).

IX. Section 1110.3030 – Clinical Service Areas Other Than Categories of Service

Need Determination − Establishment

The applicant shall describe how the need for the proposed establishment was determined by documenting the following:

1) Service to the Planning Area Residents

2) Service Demand

To demonstrate need for the proposed CSA services, the applicant shall document one or more of the indicators presented in subsections (b)(2)(A) through (D).

D) Population Incidence

The applicant shall submit documentation of incidence of service based upon IDPH statistics or category of service statistics.

3) Impact of the Proposed Project on Other Area Providers

The applicant shall document that, within 24 months after project completion, the proposed project will not:

A) Lower the utilization of other area providers below the utilization standards specified in Appendix B.

B) Lower, to a further extent, the utilization of other area providers that are currently (during the latest 12-month period) operating below the utilization standards.

4) Utilization

Projects involving the establishment of CSAs shall meet or exceed the utilization standards for the services, as specified in Appendix B. If no utilization standards exist in Appendix B, the applicant shall document its anticipated utilization in terms of incidence of disease or conditions, or historical population use rates.

Medical Oncology

The applicants propose to establish 22 treatment rooms, 6 treatment bays, and 1 procedure room, based on projected growth realized through an aging population and projected population growth. The State Board currently does not have utilization standards for this modality, based largely on variables associated with this modality to include length of treatment time, type of treatment receieved, and the patient's tolerance to the treatement and his/her side effects. The applicants arrived at the numbers of treatement stations after working with staff and physicians at other area programs. The applicants attest the proposed number of treatment rooms is slightly more than other facilities, but attribute this to projected population growth and the consolidation of medical oncology and radiation oncology services. This is being done in an effort to facilitate coordination of treatments for patients requiring both modalities.

Radiation Oncology

This proposed service will offer two linear accelerators, one High-Dose Radiation Room (Brachytherapy), a CT Simulator, and space for a combination PET/MRI machine. The applicants note the two linear accelerators will replace two exiting units located at different locations, and the CT Simulator/PET services are provided through a fee per procedure. MRI services are currently offered at both hospitals, and the proposed PET/MRI service cancer institute will complement the services offered at the existing facilities. Table Six illustrates the need for all modalities identified under this service, and the applicants feel the consolidation of these services in one facility will result in a greater concentration of resources/equipment, and enhance the overall patient care experience.

Exam Suite

The proposed project will offer exam suites, something currently unavailable at either of the applicant's hospitals. The applicants note the intended goal of this addition is to provide sufficient exam room space for radiation oncologists and other clinical specialists in one location. While no Board Standards exist for Exam Rooms, the applicants note the proposed 14 Exam Rooms will better serve both patients and clinical staff.

Laboratory

The applicants feel the co-location of a laboratory suite in the proposed Cancer Institute is essential to support the provision of centralized care at the facility. The laboratory will be a satellite lab, consisting of blood draw stations for immediate tests and blood draws to monitor blood counts and drug levels of patients served at the proposed facility.

Pharmacy

The applicants note this department will be responsible for the preparation of IV infusion packets, and the distribution of various medications used by medical oncologists in the provision of treatment to their patients. The applicants note the importance of an onsight pharmacy to prepare chemotherapy and IV infusion treatments, in order to realize the effectiveness of the chemotherapeutic agents contained in these modalities. The applicants also note the onsight Pharmacy will also prepare any prescriptions authorized for home use by its physicians to greater serve their patient population.

While not applicable to State standards, the spatial configurations are listed in Table Five, and the utilization data are listed in Table Six of the application.

The applicants have furnished all necessary data for this criterion, and a positive finding can be made.

THE STATE AGENCY FINDS THE PROPOSED PROJECT APPEARS TO BE IN CONFORMANCE WITH THE CLINICAL SERVICE AREAS OTHER THAN CATEGORIES OF SERVICE CRITERION (77 IAC 1110.3030).

X. 77 IAC 1120.120 - Availability of Funds

The applicant shall document that financial resources shall be available and be equal to or exceed the estimated total project cost plus any related project costs by providing evidence of sufficient financial resources from the following sources

Cash and Securities − statements (e.g., audited financial statements, letters from financial institutions, board resolutions) as to:

1) The amount of cash and securities available for the project, including the identification of any security, its value and availability of such funds; and

2) For mortgages, a letter from the prospective lender attesting to the expectation of making the loan in the amount and time indicated, including the anticipated interest rate and any conditions associated with the mortgage, such as, but not limited to, adjustable interest rates, balloon payments, etc.;

The proposed project is being funded with cash and securities totaling $45,609,245, and the Fair Market Value of a Lease totaling $5,000,000. The applicants supplied proof of an AA-/Stable bond rating from Standard & Poors (application, p. 82). The applicants have met the waiver for this criterion.

THE STATE BOARD STAFF FINDS THE PROPOSED PROJECT APPEARS TO BE IN CONFORMANCE WITH THE AVAILABILITY OF FUNDS CRITERION (1120.120(a))

XI. 77 IAC 1120.130 - Financial Viability

Viability Ratios

The applicant or co-applicant that is responsible for funding or guaranteeing funding of the project shall provide viability ratios for the latest three years for which audited financial statements are available and for the first full fiscal year at target utilization, but no more than two years following project completion.

The proposed project is being funded with cash and securities totaling $45,609,245, and the Fair Market Value of a Lease totaling $5,000,000. The applicants supplied proof of an AA-/Stable bond rating from Standard &

Poors (application, p. 82). The applicants have met the waiver for this criterion.

THE STATE BOARD STAFF FINDS THE PROPOSED PROJECT APPEARS TO BE IN CONFORMANCE WITH THE FINANCIAL VIABILITY CRITERION (1120.130(a))

XII. 77 IAC 1120.140 - Economic Feasibility

A) Criterion 1110.140(a) - Reasonableness of Financing Arrangements

The applicant shall document the reasonableness of financing arrangements by submitting a notarized statement signed by an authorized representative that attests to one of the following:

1) That the total estimated project costs and related costs will be funded in total with cash and equivalents, including investment securities, unrestricted funds, received pledge receipts and funded depreciation; or

2) That the total estimated project costs and related costs will be funded in total or in part by borrowing because:

A) A portion or all of the cash and equivalents must be retained in the balance sheet asset accounts in order to maintain a current ratio of at least 2.0 times for hospitals and 1.5 times for all other facilities; or

B) Borrowing is less costly than the liquidation of existing investments, and the existing investments being retained may be converted to cash or used to retire debt within a 60-day period.

The applicants supplied proof of an AA-/Stable bond rating from Standard & Poors (application, p. 82). The applicants have met the waiver for this criterion.

THE STATE BOARD STAFF FINDS THE PROPOSED PROJECT APPEARS TO BE IN CONFORMANCE WITH THE REASONABLENESS OF FINANCING ARRANGEMENTS CRITERION (1120.140(a))

B) Criterion 1120.140(b) - Conditions of Debt Financing

This criterion is applicable only to projects that involve debt financing. The applicant shall document that the conditions of debt financing are reasonable by submitting a notarized statement signed by an authorized representative that attests to the following, as applicable:

1) That the selected form of debt financing for the project will be at the lowest net cost available;

2) That the selected form of debt financing will not be at the lowest net cost available, but is more advantageous due to such terms as prepayment privileges, no required mortgage, access to additional indebtedness, term (years), financing costs and other factors;

3) That the project involves (in total or in part) the leasing of equipment or facilities and that the expenses incurred with leasing a facility or equipment is less costly than constructing a new facility or purchasing new equipment.

The proposed project is being funded with cash and securities totaling $45,609,245, and the Fair Market Value of a Lease totaling $5,000,000. The applicants supplied proof of an AA-/Stable bond rating from Standard & Poors (application, p. 82). No financing is being sought for the proposed project and this criterion is inapplicable.

THE STATE BOARD STAFF FINDS THE PROPOSED PROJECT APPEARS TO BE IN CONFORMANCE WITH THE CONDITIONS OF DEBT FINANCING CRITERION (1120.140(b))

C. Criterion 1120.140(c) - Reasonableness of Project Cost

The criteria states:

"1) Construction and Modernization Costs
Construction and modernization costs per square foot for non-hospital based ambulatory surgical treatment centers and for facilities for the developmentally disabled, and for chronic renal dialysis treatment centers projects shall not exceed the standards detailed in Appendix A of this Part unless the applicants documents construction constraints or other design complexities and provides evidence that the costs are similar or consistent with other projects that have similar constraints or complexities. For all other projects, construction and modernization costs per square foot shall not exceed the adjusted (for inflation, location, economies of scale and mix of service) third quartile as provided for in the Means Building Construction Cost Data publication unless the applicants documents construction constraints or other design complexities and provides evidence that the costs are similar or consistent with other projects that have similar constraints or complexities.

2) Contingencies

Contingencies (stated as a percentage of construction costs for the stage of architectural development) shall not exceed the standards detailed in Appendix A of this Part unless the applicants documents construction constraints or other design complexities and provides evidence that the costs are similar or consistent with other projects that have similar constraints or complexities. Contingencies shall be for construction or modernization only and shall be included in the cost per square foot calculation.

BOARD NOTE: If, subsequent to permit issuance, contingencies are proposed to be used for other line item costs, an alteration to the permit (as detailed in 77 Ill. Adm. Code 1130.750) must be approved by the State Board prior to such use.

3) Architectural Fees

Architectural fees shall not exceed the fee schedule standards detailed in Appendix A of this Part unless the applicants documents construction constraints or other design complexities and provides evidence that the costs are similar or consistent with other projects that have similar constraints or complexities.

4) Major Medical and Movable Equipment

A) For each piece of major medical equipment, the applicants must certify that the lowest net cost available has been selected, or if not selected, that the choice of higher cost equipment is justified due to such factors as, but not limited to, maintenance agreements, options to purchase, or greater diagnostic or therapeutic capabilities.

B) Total movable equipment costs shall not exceed the standards for equipment as detailed in Appendix A of this Part unless the applicants documents construction constraints or other design complexities and provides evidence that the costs are similar or consistent with other projects that have similar constraints or complexities.

5) Other Project and Related Costs

The applicants must document that any preplanning, acquisition, site survey and preparation costs, net interest expense and other estimated costs do not exceed industry norms based upon a comparison with similar projects that have been reviewed."

The State Agency notes only the clinical costs will be reviewed against the established standards in Part 1120.

Preplanning – These costs total $24,863 which is less than 1% of the new construction, contingency and equipment costs.

Site Survey and Soil Investigation and Site Preparation – These costs total $682,238 and are 4% of construction and contingency costs. This appears reasonable when compared to the State Board standard of 5%.

New Construction Costs and Contingency Costs – These costs are $16,741,627 and are $565.53 per GSF. This appears **HIGH** when compared to the State Board Standard of $546.80 per GSF.

Contingencies - These costs total $1,079,668 or 6.9% of new construction costs. This appears reasonable when compared to the State Board Standard of 10%.

Architectural and Engineering Fees - These costs total $733,179 or 4.3% of construction and contingencies. This appears reasonable compared to the State standard of 5.64% - 8.48%.

Consulting or Other Fees - These costs total $968,828. The State Board does not have standards for this cost.

Moveable and Other Equipment - These costs total $17,333,648. The State Board does not have for these costs.

Net Interest Expense During Construction – These costs total $453,054. The State Board does not have a standard for these costs.

Other Costs to be Capitalized – These costs total $2,077,764. The State Board does not have a standard for these costs.

It appears the applicants report New Construction and Contingency costs in excess of the State Standard, and a positive finding cannot be made for this criterion.

THE STATE BOARD STAFF FINDS THE PROPOSED PROJECT DOES NOT APPEAR TO BE IN CONFORMANCE WITH THE REASONABLENESS OF PROJECT COST CRITERION (77 IAC 1120.140(c).

D. Criterion 1120.140(d) - Projected Operating Costs

The criterion states:

"The applicant must provide the projected direct annual operating costs (in current dollars per equivalent patient day or unit of service) for the

first full fiscal year after project completion or the first full fiscal year when the project achieves or exceeds target utilization pursuant to 77 Ill. Adm. Code 1100, whichever is later. Direct costs mean the fully allocated costs of salaries, benefits, and supplies for the service."

The applicants project total annual operating costs to be $6,500,000. The applicants did not calculate this cost per patient day, because it is not classified as an inpatient project. The State Board does not have a standard for this cost.

THE STATE BOARD STAFF FINDS THE PROPOSED PROJECT APPEARS TO BE IN CONFORMANCE WITH THE PROJECTED OPERATING COSTS CRITERION (77 IAC 1120.140(d).

E. Criterion 1120.140(e) - Total Effect of the Project on Capital Costs

The criterion states:

"The applicant must provide the total projected annual capital costs (in current dollars per equivalent patient day) for the first full fiscal year after project completion or the first full fiscal year when the project achieves or exceeds target utilization pursuant to 77 Ill. Adm. Code 1100, whichever is later."

The applicants project $2,640,000 in annual capital costs for the first year of operation. The applicants did not calculate this cost per patient day, because it is not classified as an inpatient project. The State Board does not have a standard for these costs.

THE STATE BOARD STAFF FINDS THE PROPOSED PROJECT APPEARS TO BE IN CONFORMANCE WITH THE TOTAL EFFECT OF THE PROJECT ON CAPITAL COSTS CRITERION (77 IAC 1120.140(e).

12-078 Adventist Cancer Institute - Hinsdale

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Ownership, Management and General Information

ADMINISTRATOR NAME: Michael Goebel
ADMINSTRATOR PHONE: 630-856-6056
OWNERSHIP: Adventist Hinsdale Hospital
OPERATOR: Adventist Hinsdale Hospital
MANAGEMENT: Church-Related
CERTIFICATION:
FACILITY DESIGNATION: General Hospital
ADDRESS 120 North Oak Street **CITY:** Hinsdale **COUNTY:** DuPage County

Patients by Race

White	87.6%
Black	5.3%
American Indian	0.1%
Asian	2.9%
Hawaiian/ Pacific	0.0%
Unknown:	4.1%

Patients by Ethnicity

Hispanic or Latino:	4.3%
Not Hispanic or Latino:	91.6%
Unknown:	4.1%

IDPH Number:	0976
HPA	A-05
HSA	7

Facility Utilization Data by Category of Service

Clinical Service	Authorized CON Beds 12/31/2011	Peak Beds Setup and Staffed	Peak Census	Admissions	Inpatient Days	Observation Days	Average Length of Stay	Average Daily Census	CON Occupancy 12/31/2011	Staff Bed Occupancy Rate %
Medical/Surgical	131	138	117	7,768	31,179	2,433	4.3	92.1	70.3	66.7
0-14 Years				*0*	*0*					
15-44 Years				*1,177*	*3,641*					
45-64 Years				*2,524*	*9,545*					
65-74 Years				*1,308*	*5,392*					
75 Years +				*2,759*	*12,601*					
Pediatric	19	19	7	376	748	306	2.8	2.9	15.2	15.2
Intensive Care	44	31	31	1,268	5,787	83	4.6	16.1	36.6	51.9
Direct Admission				*1,268*	*5,787*					
Transfers				*0*	*0*					
Obstetric/Gynecology	37	26	26	2,072	5,747	48	2.8	15.9	42.9	61.1
Maternity				*2,071*	*5,745*					
Clean Gynecology				*1*	*2*					
Neonatal	11	11	9	63	1,512	0	24.0	4.1	37.7	37.7
Long Term Care	0	0	0	0	0	0	0.0	0.0	0.0	0.0
Swing Beds				0	0		0.0	0.0		
Acute Mental Illness	17	17	17	795	5,338	0	6.7	14.6	86.0	86.0
Rehabilitation	15	18	18	339	3,790	0	11.2	10.4	69.2	57.7
Long-Term Acute Care	0	0	0	0	0	0	0.0	0.0	0.0	0.0
Dedcated Observation	*0*					*0*				
Facility Utilization	**274**			**12,681**	**54,101**	**2,870**	**4.5**	**156.1**	**56.965**	

(Includes ICU Direct Admissions Only)

Inpatients and Outpatients Served by Payor Source

	Medicare	*Medicaid*	*Other Public*	*Private Insurance*	*Private Pay*	*Charity Care*	*Totals*
Inpatients	**38.5%**	**8.7%**	**2.4%**	**47.6%**	**1.3%**	**1.5%**	
	4879	1106	307	6042	159	188	**12,681**
Outpatients	**24.7%**	**16.6%**	**1.4%**	**55.0%**	**2.0%**	**0.4%**	
	64638	43352	3600	143682	5213	977	**261,462**

Financial Year Reported: 1/1/2011 ***to*** 12/31/2011

Inpatient and Outpatient Net Revenue by Payor Source

	Medicare	*Medicaid*	*Other Public*	*Private Insurance*	*Private Pay*	*Totals*	*Charity Care Expense*
Inpatient Revenue ($)	**33.6%**	**8.9%**	**1.2%**	**51.7%**	**4.5%**	**100.0%**	
	49,337,981	13,061,271	1,815,874	75,997,703	6,679,793	146,892,622	1,383,144
Outpatient Revenue ($)	**22.5%**	**6.0%**	**0.9%**	**66.8%**	**4.0%**	**100.0%**	
	34,154,922	9,061,936	1,312,721	101,525,428	6,035,486	152,090,493	993,942

Total Charity Care Expense
2,377,086

Total Charity Care as % of Net Revenue
0.8%

Birthing Data

Number of Total Births:	2,023
Number of Live Births:	2,014
Birthing Rooms:	0
Labor Rooms:	5
Delivery Rooms:	0
Labor-Delivery-Recovery Rooms:	5
Labor-Delivery-Recovery-Postpartum Rooms:	0
C-Section Rooms:	2
CSections Performed:	571

Newborn Nursery Utilization

Level 1 Patient Days	4,143
Level 2 Patient Days	1,002
Level 2+ Patient Days	2,821
Total Nursery Patientdays	**7,966**

Laboratory Studies

Inpatient Studies	285,290
Outpatient Studies	495,679
Studies Performed Under Contract	61,185

Organ Transplantation

Kidney:	0
Heart:	0
Lung:	0
Heart/Lung:	0
Pancreas:	0
Liver:	0
Total:	**0**

A total of 425 peripheral procedures were done in the dedicated cardiac catheterization labs (271 diagnostic and 154 interventional).

Surgery and Operating Room Utilization

Surgical Specialty	Operating Rooms				Surgical Cases		Surgical Hours			Hours per Case	
	Inpatient	Outpatient	Combined	Total	Inpatient	Outpatient	Inpatient	Outpatient	Total Hours	Inpatient	Outpatient
Cardiovascular	0	0	1	1	135	14	806	47	853	6.0	3.4
Dermatology	0	0	0	0	0	0	0	0	0	0.0	0.0
General	0	0	2	2	528	577	1607	1303	2910	3.0	2.3
Gastroenterology	0	0	0	0	12	4	19	5	24	1.6	1.3
Neurology	0	0	0	0	288	76	981	198	1179	3.4	2.6
OB/Gynecology	0	0	2	2	324	1010	1135	2507	3642	3.5	2.5
Oral/Maxillofacial	0	0	0	0	52	119	228	376	604	4.4	3.2
Ophthalmology	0	0	0	0	1	63	3	144	147	3.0	2.3
Orthopedic	0	0	4	4	1117	573	3704	1596	5300	3.3	2.8
Otolaryngology	0	0	2	2	122	1026	469	2335	2804	3.8	2.3
Plastic Surgery	0	0	0	0	49	69	179	218	397	3.7	3.2
Podiatry	0	0	0	0	18	111	54	336	390	3.0	3.0
Thoracic	0	0	0	0	48	6	157	14	171	3.3	2.3
Urology	0	0	1	1	265	345	898	776	1674	3.4	2.2
Totals	**0**	**0**	**12**	**12**	**2959**	**3993**	**10240**	**9855**	**20095**	**3.5**	**2.5**

SURGICAL RECOVERY STATIONS Stage 1 Recovery Stations 16 Stage 2 Recovery Stations 27

Dedicated and Non-Dedicated Procedure Room Utilzation

Procedure Type	Procedure Rooms				Surgical Cases		Surgical Hours			Hours per Case	
	Inpatient	Outpatient	Combined	Total	Inpatient	Outpatient	Inpatient	Outpatient	Total Hours	Inpatient	Outpatient
Gastrointestinal	0	0	4	4	732	3350	740	3521	4261	1.0	1.1
Laser Eye Procedures	0	0	0	0	0	0	0	0	0	0.0	0.0
Pain Management	0	0	1	1	12	559	11	472	483	0.9	0.8
Cystoscopy	0	0	0	0	0	0	0	0	0	0.0	0.0
Multipurpose Non-Dedicated Rooms											
Ambulatory Care	0	2	0	2	0	219	0	401	401	0.0	1.8
	0	0	0	0	0	0	0	0	0	0.0	0.0
	0	0	0	0	0	0	0	0	0	0.0	0.0

Cardiac Catheterization Labs

Total Cath Labs (Dedicated+Nondedicated labs):	**3**
Cath Labs used for Angiography procedures	0
Dedicated Diagnostic Catheterization Labs	0
Dedicated Interventional Catheterization Labs	0
Dedicated EP Catheterization Labs	1

Emergency/Trauma Care

Certified Trauma Center		Yes
Level of Trauma Service	**Level 1** (Not Answered)	**Level 2** Adult
Operating Rooms Dedicated for Trauma Care		0
Number of Trauma Visits:		358
Patients Admitted from Trauma		278
Emergency Service Type:		Comprehensive
Number of Emergency Room Stations		24
Persons Treated by Emergency Services:		26,951
Patients Admitted from Emergency:		7,756
Total ED Visits (Emergency+Trauma):		**27,309**

Cardiac Catheterization Utilization

Total Cardiac Cath Procedures:	**1,559**
Diagnostic Catheterizations (0-14)	0
Diagnostic Catheterizations (15+)	518
Interventional Catheterizations (0-14):	0
Interventional Catheterization (15+)	231
EP Catheterizations (15+)	810

Cardiac Surgery Data

Total Cardiac Surgery Cases:	**98**
Pediatric (0 - 14 Years):	0
Adult (15 Years and Older):	98
Coronary Artery Bypass Grafts (CABGs) performed of total Cardiac Cases :	58

Outpatient Service Data

Total Outpatient Visits	**261,462**
Outpatient Visits at the Hospital/ Campus:	191,737
Outpatient Visits Offsite/off campus	69,725

Diagnostic/Interventional	Equipment Owned	Equipment Contract	Examinations Inpatient	Examinations Outpt	Examinations Contract
General Radiography/Fluoroscopy	17	0	12,773	21,207	0
Nuclear Medicine	4	0	895	1,912	0
Mammography	1	0	0	2	0
Ultrasound	17	0	2,992	4,924	0
Angiography	2	0			
Diagnostic Angiography			864	1,326	0
Interventional Angiography			583	314	0
Positron Emission Tomography (PET)	0	0	0	0	0
Computerized Axial Tomography (CAT)	2	0	3,085	11,791	0
Magnetic Resonance Imaging	1	0	1,350	2,559	0

Treatment Equipment	Owned	Contract	Therapies/ Treatments
Lithotripsy	3	1	34
Linear Accelerator	1	0	4,097
Image Guided Rad Therapy	0	0	995
Intensity Modulated Rad Thrpy	0	0	1350
High Dose Brachytherapy	0	1	283
Proton Beam Therapy	0	0	0
Gamma Knife	0	0	0
Cyber knife	0	1	22

Source: 2011 Annual Hospital Questionnaire, Illinois Department of Public Health, Health Systems Development.